

Message Text

SECRET

PAGE 01 WARSAW 06721 01 OF 02 051217Z
ACTION SS-25

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S E C R E T SECTION 1 OF 2 WARSAW 6721

EXDIS

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(D) WARSAW 5632

1. I HAVE READ THE REFERENCE TELEGRAMS CAREFULLY AND
WEIGHED THE LUERS AND VEST CONVERSATIONS WITH SPASOWSKI
IN LIGHT OF MY MOST RECENT CONVERSATION WITH DOBROSIELSKI
(WARSAW 6578, 6584, 6585, AND 6600).

2. US-POLISH RELATIONS ARE NOW CHARACTERIZED BY THREE
CENTRAL CONSIDERATIONS: (1) THE DESIRE OF MOST POLISH
LEADERS FOR AS CLOSE RELATIONS WITH THE UNITED STATES
AS THE SITUATION PERMITS, DESPITE THE LIMITATIONS IMPOSED
BY POLAND'S MEMBERSHIP IN THE WARSAW PACT AND OTHER
IMPERATICES IMPOSED BY THE POLISH VERSION OF COMMUNISM;
(2) ECONOMIC RESTRAINTS FLOWING FROM THE CRITICAL SYSTEM AND
ACCUMULATED MISTAKES IN ECONOMIC PLANNING
AND MANAGEMENT; AND (3) THE DEGREE OF MANUVER-
ABILITY THAT POLISH LEADERS THINK THEY POSSESS
WITH REGARD TO THE SOVIET UNION, ESPECIALLY FROM
THE PERSPECTIVE OF WHAT THEY INCREASINGLY
PERCEIVE AS A DOWNTURN IN US-SOVIET RELATIONS.

SECRET

SECRET

PAGE 02 WARSAW 06721 01 OF 02 051217Z

3. THE SINCERTITY OF THE POLES' DESIRE FOR THE CLOSEST
POSSIBLE WORKING RELATIONSHIP WITH THE U.S.GOVERNMENT
IS ROOTED IN HISTORY AND CULTURE AND STRONGLY
INFLUENCED BY COMTEMPORARY ECONOMIC AND POLITICAL
NECESSITIES, STEMMING IN PART FROM THE EVOLUTION
OF ITS RELATIONS WITH THE USSR, OTHER
EASTERN EUROPEAN COUNTRIES AND THE WEST. EVEN MOST

POLISH COMMUNISTS WOULD PREFER TO KEEP THEIR OPTIONS OPEN SO THEY WILL NOT BE OVERLY DEPENDENT ON ANY OTHER NATION. HOWEVER, THE POLISH LEADERS DO NOT SEE, AND CANNOT SEE, THE OPENING TO THE WEST, AND TO THE US IN PARTICULAR, AS BRINGING ABOUT ANY BASIC IDEOLOGICAL CHANGE IN THEIR SYSTEM OR IN THEIR INTERNATIONAL ALLIANCES. WITH THE EXCEPTION OF DISARMAMENT AND RELATED QUESTIONS, THE ISSUES WHICH HAVE DIVIDED THE UNITED STATES AND THE SOVIET UNION DURING THE PAST SIX MONTHS ARE NOT THOSE WHICH INTEREST POLISH LEADERS WHO DO NOT WISH THEIR RELATIONSHIP WITH THE US TO BE AFFECTED BY WHAT THE THE SOVIET UNION DOES IN AFRICA. BY IMPLICATIONS, THEY ARE EVEN CRITICAL OF SOVIET ACTIONS IN AFRICA. POLISH RELATIONS WITH THE THIRD WORLD, WHETHER IN AFRICA OR ELSEWHERE, UNLIKE THE GDR OR CZECHOSLOVAKIA, HAVE NOT EXTENDED TO THE MILITARY OR PARAMILITARY FIELD AND ARE LIMITED TO TRADE AND TECHNICAL ASSISTANCE PROGRAMS. I BELIEVE WE CAN ASSUME, WITH APPROPRAITE RESERVATIONS, THAT POLAND, FOR ITS OWN REASONS, FUNDAMENTALLY WISHES TO MAINTAIN, INDEED PRUDENTLY, REINFORCE, THE RELATIONSHIP WITH THE UNITED STATES WHICH AHS DEVELOPED OVER THE LAST FIVE YEARS. BUT IN ADDITION TO THE US-SOVIET DIMENSION THERE ARE OTHER LIMITATIONS.

SECRET

SECRET

PAGE 03 WARSAW 06721 01 OF 02 051217Z

4. EXCEPT FOR ROUTINE MATTERS, ECONOMIC DECISION MAKING IN POLAND IS VIRTUALLY IMMOBILIZED. THE CONSTRAINTS ON THE REGIME ARE WELL KNOWN:

- THE MASSIVE DEBT TO THE EST;
- THE LIMITED RECEPTIVITY OF WESTERN MARKETS TO POLISH GOODS AND POLISH INEPTITUDE IN ADAPTING TO THE DEMANDS OF THOSE MARKETS;
- POPULAR RESISTANCE TO PRICE INCREASES;
- THE NECESSITY OF MAINTAINING THE INDUSTRIAL MODERNIZATION PROGRAM, WITH THE ATTENDANT DEPENDENCE UPON THE USSR;
- THE NEED TO MAINTAIN MARKETING AND TRADE RELATIONSHIPS WITH THE OTHER COMECON COUNTRIES;
- SHORTCOMINGS IN AGRICULTURAL PRODUCTION, RESULTING BOTH FROM NATURAL AND SYSTEMIC FAILURES, AND
- THE LACK OF INCENTIVES THAT WOULD INCREASE PRODUCTIVITY.

THE EFFECTS OF CHRONIC ECONOMIC MISMANAGMENT CONTINUE TO PILE UP. FOR INSTANCE, THE REGIME IS DETERRED FROM TAKING THE OBVIOUS STEPS NECESSARY TO RECTIFY THE PROBLEMS ARISING FROM THE DIFFERENCES

BETWEEN THE COSTS OF PRODUCTION AND MARKET PRICES
BECAUSE THE PUBLIC WILL NOT TOLERATE THEM. SO, FOR THE
REGIME'S OWN PRACTICAL PURPOSES, NO DECISION THAT
WOULD SIGNIFICANTLY ADDRESS THE COUNTRY'S ECONOMIC
PREDICTAMENT ARE BEING MADE. NONETHELESS, POLAND
DOES NOT WISH TO BE SEEN AS AN UNRELIABLE ECONOMIC
OR FINANCIAL PARTNER BY THE WEST, AND IT WILLING TO
MEET ITS OBLIGATIONS. THE QUESTION IS WHETHER IT CAN.

5. AS I SPECULATED BEFORE I CAME TO POLAND,
IT SEEMS TO ME THAT POLISH MISMANGEMENT OF ITS
ECONOMIC AND FINANCIAL RELATIONSHIP WITH THE WEST
GIVES THE SOVIETS AND OPPORTUNITY AND
LEVERAGE TO PUSH POLAND BACK TO A CLOSER ECONOMIC
SECRET

SECRET

PAGE 04 WARSAW 06721 01 OF 02 051217Z

AND POLITICAL RELATIONSHIP WITH THE USSR IF THE LATTER
IS WILLING TO PAY THE COST. THE SURGE IN

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PAGE 01 WARSAW 06721 02 OF 02 080432Z
ACTION SS-25

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S E C R E T SECTION 2 OF 2 WARSAW 6721

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C O R R E C T E D C O P Y TEXT (PARA 8)

SOVIET-POLISH CONSULTATIONS, MEETINGS, AND CONFERENCES ON ECONOMIC
ISSUES OVER THE PAST SIX MONTHS (WARSAW 5632) IS GROWING EVIDENCE
OF THAT TREND. THE NOTICEABLE INCREASE IN GOVERNMENT AND PARTY
PRAISE FOR AN EMPHASIS ON SOVIET-POLISH SOLIDARITY AND COOPERATION,

EVEN IF IT IS ONLY LIP SERVICE, IS ANOTHER DISTINCTIVE AND UNMISTAKABLE SIGNAL. GRUMBLING ABOUT PRO-SOVIET "PROPAGANDA" IS GROWING HERE.

6. ALTHOUGH THERE HAS BEEN NO WAVERING OF PUBLIC SUPPORT FOR SOVIET INTERNATIONAL POLICIES THIS DOES NOT MEAN THE POLES SUPPORT ALL SUCH POLICIES, RATHER ONLY THAT THEY BELIEVE THEY CANNOT AFFECT, INFLUENCE, OR OPPOSE THEM TO ANY GREAT EXTENT. IN CERTAIN FIELDS, PREFERABLY IN COOPERATION WITH HUNGARY AND RUMANIA, POLAND CAN HELP TONE DOWN, BLUNT, OR FORCE DELAY OF ACCEPTANCE OF SOVIET POSITIONS. HOWEVER, AT THIS TIME POLAND IS NOT AN ACTIVE OR VALID INTERMEDIARY BETWEEN THE WEST AND THE SOVIET UNION. CERTAINLY POLAND CAN EXPLAIN ITS INTERNATIONAL POSITION IN SOMEWHAT MORE PALATABLE TERMS THAN THE SOVIET UNION. IT WISHES NOT TO GET INVOLVED IN THE US-SOVIET DISPUTE OVER AFRICA. HOWEVER, TO THE EXTENT THAT SOVIET ACTIONS IN AFRICA INFLUENCE THE US ATTITUDE TOWARD THE SOVIET UNION AND DETENTE, POLAND IS AFFECTED.

7. I BELIEVE THERE IS CONSIDERABLE ROOM FOR MANEUVER IN THE
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SECRET

PAGE 02 WARSAW 06721 02 OF 02 080432Z

POLISH RELATIONSHIP WITH THE SOVIET UNION UNDER NORMAL CIRCUMSTANCES: MORE, PERHAPS, THAT THE POLES REALIZE. THE USSR'S DESIRE NOT TO INTERVENE IN POLAND AS IT DID IN HUNGARY AND CZECHOSLOVAKIA POWERFULLY INHIBITS ITS ACTION HERE, EXCEPT IN, EXTREMIS. HOWEVER, PRESENT ECONOMIC PROBLEMS AND THE VULNERABILITY OF THE LEADERSHIP TO ANY RENEWAL OF POPULAR UNREST IMPOSE PERCEIVED LIMITATIONS TO WHICH I EXPECT THE PRESENT POLISH LEADERSHIP WILL ADHERE UNLESS AND UNTIL IT GETS A LEAST PART WAY OUT OF THE ECONOMIC WOODS.

8. THEREFORE, THE IMPLICATION IN SPASOWSKI'S CONVERSATION WITH LUERS THAT THERE WILL BE A TEMPERING OR TURNDOWN IN US-POLISH RELATIONSHIPS IS, I THINK, ACCURATE. IT WILL BE OUR TASK TO SEEK THOSE AREAS IN WHICH WE CAN MAINTAIN INFLUENCE, PARTICULARLY IN THE TRADE AND ECONOMIC FIELDS, SO THAT WE CAN PROFIT FROM A LATER UPTURN. POLAND WILL BE DEPENDENT UPON THE US FOR AGRICULTURAL CREDITS SIMPLY BECAUSE THE AMOUNT OF GRAIN THAT THEY WILL NEED, PARTICULARLY FEED GRAINS, IS NOT AVAILABLE ELSEWHERE. PRIVATE US TECHNOLOGY AND PRODUCTS ARE HIGHLY VALUED AND DESIRED IN POLAND. EVEN THOUGH THE SHORT TERM OUTLOOK OFFERS LITTLE PROSPECT OF GROWTH, US BUSINESS SHOULD MAINTAIN ITS CONTACTS, SEIZE ITS OPPORTUNITIES, SO THAT WHEN A TURN-AROUND COMES IT WILL BE IN A POSITION TO EXPLOIT IT.

9. WE HAVE REACHED A KIND OF WATERSHED IN OUR RELATIONSHIP WITH POLAND. THE CONTINUED RAPID DEVELOPMENT OF CLOSER TIES CANNOT BE SUSTAINED BECAUSE OF POLISH ECONOMIC PROBLEMS AND LACK OF COHERENT ECONOMIC POLICY. HOWEVER, WE NEED NOT LOSE WHAT WE HAVE GAINED,

ESPECIALLY IF WE CAN MAINTAIN OUR BUSINESS AND INDUSTRIAL PRESENCE
AND INTEREST. POLES WILL CONTINUE TO LINK THEIR RELATIONSHIP WITH
THE US TO THE STATE OF US-SOVIET RELATIONS. OUR RESPONSE SHOULD BE
THAT OUR QUARRELS WITH THE SOVIETS ARE NOT QUARRELS WITH POLAND,
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SECRET

PAGE 03 WARSAW 06721 02 OF 02 080432Z

EVEN THOUGH THE POLES THINK THAT SOVIETS EXPECT THEM TO SHARE SOVIET
QUARRELS WITH THE US. THIS TRANSITION PERIOD, WHILE NOT VERY
COMFORTABLE FOR EITHER POLAND OR THE US, WOULD, I BELIEVE, BE
TOLERABLE TO THE POLES WHO COULD ANTICIPATE SUBSEQUENT AMELIORATION
AND INCREASED COOPERATION.

10. IN ANALYZING THE RECENT AND DISTURBING SOVIET-POLISH ECONOMIC
CONVERGENCE, WE WILL HAVE TO DETERMINE, WHAT, IF ANYTHING, THE US AND

THE WEST SHOULD AND COULD DO. THE MOST RECENT INDICATION (FRANKFURT
6090) IS THAT THERE IS LITTLE BANKING ENTHUSIASM FOR A LARGE PRIVATE
BALANCE OF PAYMENTS CREDIT UNLESS POLITICAL CONSIDERATIONS DICTATE
OTHERWISE AND HELP MAKE SUCH A LOAN WORTHWHILE. IF NOT-- AND IF THE
USSR CAN OR WILL NOT BAIL OUT ITS ALLY OR IF THE PRICE OF SUCH A
BAIL-OUT TO POLAND IS TOO HIGH-- THEN WE SHOULD ONCE AGAIN PREPARE
FOR A RESCHEDULING REQUEST, POSSIBLY THIS TIME, TO ALL WESTERN
CREDITORS.

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